

Message Text

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TO AMEMBASSY BUENOS AIRES

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E.O. 11652: N/A

TAGS: PFOR, ETRD

SUBJECT: MEMORANDUM OF AMBASSADOR EBERLE'S TRADE
CONSULTATIONS IN ARGENTINA

1. DURING TRADE CONSULTATIONS WITH GOA OFFICIALS IN
BUENOS AIRES APRIL 22-23, AMBASSADOR EBERLE OFFERED TO
SEND GOA A MEMORANDUM OF THE U.S. UNDERSTANDING OF THE
SUBSTANCE OF THE CONSULTATIONS. THE MEMORANDUM SHOULD
BE DELIVERED TO APPROPRIATE GOA OFFICIALS. NO REPLY IS
EXPECTED THOUGH WE WOULD BE PLEASED RECEIVE ANY COMMENTS
THE GOA MAY WISH TO MAKE. THE MEMORANDUM FOLLOWS.

2. QUOTE ON APRIL 23 AND 24, 1974, A DELEGATION
HEADED BY UNITED STATES AMBASSADOR WILLIAM D. EBERLE,
SPECIAL TRADE REPRESENTATIVE OF THE PRESIDENT, MET
IN TWO SESSIONS WITH AN ARGENTINE DELEGATION TO
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DISCUSS MATTERS OF MUTUAL INTEREST IN THE TRADE
FIELD.

DURING THESE DISCUSSIONS THE FOLLOWING GENERAL TOPICS

WERE EXPLORED:

A. THE BILL FOR A TRADE REFORM ACT FOR THE UNITED STATES

AMBASSADOR EBERLE REVIEWED THE MAJOR PROVISIONS AND THE CURRENT STATUS OF THE TRADE REFORM ACT (TRA) BILL WHICH

HE HOPED WOULD BE PASSED BY CONGRESS THIS SUMMER.

I. SAFEGUARDS

AMBASSADOR MARTINEZ OBSERVED THAT THE TRA APPEARED TO GIVE THE EXECUTIVE BRANCH CONSIDERABLE ADDITIONAL POWERS TO RESTRICT IMPORTS AND THAT THE ONLY GUARANTEE OF CONTINUED MARKET ACCESS FOR DEVELOPING COUNTRIES WAS THE JUDICIOUS USE BY THE EXECUTIVE BRANCH OF THE POWERS GRANTED TO IT IN THE TRA. IN ADDITION, AMBASSADOR MARTINEZ CRITICIZED THE TRA BECAUSE IT DID NOT APPEAR TO HIM TO CONTAIN ANY DISTINCTION BETWEEN TREATMENT AFFORDED DEVELOPED AND DEVELOPING COUNTRIES. AMBASSADOR EBERLE RESPONDED THAT THE ADDITIONAL POWERS GRANTED TO THE EXECUTIVE BRANCH ARE SIMILAR TO THOSE ALREADY POSSESSED BY MOST GOVERNMENTS IN THE WORLD. IN SEVERAL WAYS, THE ESCAPE CLAUSE PROVISIONS IN THE TRA OFFER GREATER OPPORTUNITIES TO DEVELOPING COUNTRIES BECAUSE INJURY STILL HAS TO BE DEMONSTRATED; ALSO, ANY RELIEF GRANTED HAS TO BE TEMPORARY AND MUST PROVIDE FOR A GROWTH FACTOR FOR IMPORTS. IN ADDITION, THE U.S. FAVORED AND WAS PREPARED TO NEGOTIATE TOWARD AN INTERNATIONAL SAFEGUARDS AGREEMENT; SUCH AN AGREEMENT WOULD PROVIDE THE DEVELOPING COUNTRIES WITH BETTER ASSURANCE OF ACCESS TO DEVELOPED COUNTRY MARKETS. AMBASSADOR MARTINEZ STATED THAT ANY INTERNATIONAL AGREEMENT ON SAFEGUARDS WOULD HAVE TO BE BASED ON THE PRINCIPLES OF PART IV OF THE GATT AND POINTED OUT THAT THERE WAS A DIFFERENCE BETWEEN A SAFEGUARD SYSTEM AIMED PRIMARILY AT EXISTING IMPORTS AND ONE DIRECTED PRIMARILY TOWARD FUTURE IMPORTS.

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II. SUBSIDIES

CONCERNING SUBSIDIES, AMBASSADOR EBERLE STATED THAT THE U.S. FAVORED AND WAS PREPARED TO WORK ON AN INTERNATIONAL SET OF PRINCIPLES WHICH WOULD DEFINE THOSE PRACTICES WHICH ARE ACCEPTABLE AND THOSE WHICH ARE NOT. AMBASSADOR MARTINEZ REITERATED THE VIEW THAT A DISTINCTION HAD TO BE MAINTAINED AS TO SUBSIDIES GRANTED BY DEVELOPED COUNTRIES AND THOSE GRANTED BY DEVELOPING COUNTRIES. HE FURTHER POINTED OUT THAT IF THE DEVELOPED COUNTRIES, HEADED BY THE U.S., COULD ACCEPT THE PRINCIPLE OF DIFFERENTIAL TREATMENT RE SUBSIDIES, THEN PROGRESS TOWARD AN INTERNATIONAL SET

OF PRINCIPLES WOULD BE GREATLY FACILITATED. AMBASSADOR EBERLE RESPONDED THAT AN INTERNATIONALLY AGREED SET OF PRINCIPLES, APPLICABLE TO ALL NATIONS, WAS THE BEST WAY TO CURTAIL ABUSE OF THE SUBSIDY PRIVILEGE AND HE

URGED THAT ARGENTINA JOIN IN THE EFFORT AT THE MTN TO DEVELOP SUCH A SET OF PRINCIPLES.

B. GENERALIZED PREFERENCES

THE UNITED STATES OUTLINED THE MAJOR PROVISIONS OF THE U.S. GSP PROPOSAL, EMPHASIZING THOSE ASPECTS RELATED TO ELIGIBILITY, PRODUCT INCLUSION, AND THE COMPETITIVE NEED FORMULA. CONCERNING COMPETITIVE NEED, IT WAS POINTED OUT THAT BASED ON PRELIMINARY U.S. STUDIES ONLY TWO ARGENTINE PRODUCTS ELIGIBLE FOR GSP WOULD BE EXCLUDED BY THE 50 PORTION OF THE COMPETITIVE NEED FORMULA: CANNED BEEF SAUSAGES AND QUEBRACHO; NO ARGENTINE PRODUCTS WOULD BE EXCLUDED FROM GSP BY THE \$25 MILLION CEILING. AMBASSADOR MARTINEZ EXPRESSED CRITICISM OF THE RESTRICTIONS CONTAINED IN THE U.S. GSP, PARTICULARLY THE 50 FEATURE OF THE COMPETITIVE NEED LIMITATION AND SUGGESTED THAT THE 50 CUT-OFF NOT BE EMPLOYED UNLESS THE VOLUME OF EXPORTS WAS \$25 MILLION, I.E., THE COMPETITIVE NEED LIMITATION SHOULD BE RESTRICTED TO THE \$25 MILLION CEILING. IN COMPARING THE U.S. SYSTEM WITH THAT OF THE EUROPEAN COMMUNITY, THE U.S. INQUIRED IF ARGENTINA

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WOULD HAVE PREFERRED THAT THE U.S. SUBMIT A TARIFF QUOTA GSP SYSTEM TO THE CONGRESS. AMBASSADOR MARTINEZ RESPONDED NEGATIVELY, STATING THAT ARGENTINA'S EXPERIENCE WITH THE EC AND JAPANESE SYSTEMS HAD NOT BEEN FAVORABLE.

AMBASSADOR EBERLE EMPHASIZED THAT IT WAS IMPORTANT FOR ARGENTINA TO SUBMIT THE LIST OF PRODUCTS IT WISHES TO SEE INCLUDED UNDER THE U.S. GSP PROPOSAL AS SOON AS POSSIBLE. PRODUCTS OF PARTICULAR INTEREST TO ARGENTINA COULD THUS BE CONSIDERED FOR INCLUSION IN THE PRODUCT LIST THAT WILL BE SUBMITTED TO THE TARIFF COMMISSION DIRECTLY AFTER THE PASSAGE OF THE TRA. HE FURTHER SAID THAT THE U.S. WOULD BE PREPARED TO CONSULT WITH ARGENTINA BEFORE SUBMISSION OF THE LIST TO THE TARIFF COMMISSION AND DURING THE SIX-MONTH TARIFF COMMISSION REVIEW.

C. MEAT ISSUE

THE ARGENTINE DELEGATE EXPLAINED THE IMPORTANCE OF MEAT EXPORTS TO ARGENTINE TRADE AND REQUESTED U.S. COOPERATION IN HELPING INCREASE THESE EXPORTS,

PARTICULARLY NOW WHEN EXPORTS TO THE EC HAVE FALLEN.
FOUR SPECIFIC AREAS OF POSSIBLE COOPERATION WERE
DISCUSSED:

I. JOINT ACTION VIS-A-VIS EC RESTRICTIONS ON ARGENTINE
MEAT EXPORTS;

II. POSSIBILITY THAT U.S. WOULD LOWER PERMISSIBLE LEVELS
OF CHLORIDE RESIDUES IN CANNED MEAT;

III. EXPORTS OF CHILLED AND FROZEN ARGENTINE BEEF TO
THE U.S. IF IT CAN BE ESTABLISHED THAT THESE EXPORTS
ARE FREE OF AFTOSA (PARTICULARLY THE POSSIBILITY THAT
BEEF WITHOUT BONE DOES NOT CARRY AFTOSA); AND

IV. THE ESTABLISHMENT OF AN AFTOSA-FREE ZONE IN
PATAGONIA.

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D. COUNTERVAILING AND ANTI-DUMPING ACTIONS

THE U.S. DELEGATION EXPLAINED DIFFERENCES BETWEEN U.S.
ANTI-DUMPING AND COUNTERVAILING DUTY LAWS AND NOTED
THAT THE U.S. WAS SEEKING TO MAKE SOME CHANGES IN ITS
COUNTERVAILING DUTY LAW. THE TRA WOULD PERMIT THE
SECRETARY OF TREASURY TO EXERCISE DISCRETION IN APPLI-
CATION OF THE LAW IN SOME CASES. THE LONG-RUN SOLUTION
WOULD BE FOUND ONLY IN A MULTILATERAL AGREEMENT ON
EXPORT PRACTICES.

E. MTN--GENERAL OBJECTIVES

AMBASSADOR EBERLE MADE A PRESENTATION ON GENERAL U.S.
OBJECTIVES IN THE MTN AND POINTED OUT AREAS WHERE U.S.
AND LATIN AMERICAN INTERESTS CONVERGED. AMBASSADOR
MARTINEZ RESPONDED BY STATING THAT ARGENTINE OBJECTIVES
MAY APPEAR TO BE THE SAME AS THOSE OF THE U.S. BUT REAL
DIFFERENCES EXIST. HE THEN LISTED GENERAL ARGENTINE
OBJECTIVES AS:

I. ELIMINATION OF RESTRICTIONS ON ARGENTINE EXPORTS.

II. FUNDAMENTAL CHANGE IN JURIDICAL STRUCTURE OF GATT
TO EMBODY DIFFERENTIAL TREATMENT FOR DEVELOPING
COUNTRIES.

III. GSP SHOULD BE INSTITUTIONALIZED IN GATT.

IV. WHILE UNDERSTANDING U.S. POSITION THAT FULL
RECIPROCITY FROM DEVELOPING COUNTRIES IS NOT NECESSARY,
ARGENTINA BELIEVES DEVELOPING COUNTRIES CONTRIBUTE TO

MTN SIMPLY BY PARTICIPATION IN AND ACCEPTANCE OF GATT RULES.

AMBASSADOR EBERLE REPLIED THAT SIZABLE AREAS OF AGREEMENT APPEAR TO EXIST AND REQUESTED WRITTEN SUGGESTIONS FROM AMBASSADOR MARTINEZ ON PROPOSED FUNDAMENTAL CHANGES IN GATT. ON THIS POINT, HOWEVER, THE U.S. DOES BELIEVE THAT THERE ARE SOME AREAS WHERE DEVELOPING COUNTRIES SHOULD BE SUBJECT TO THE SAME REQUIREMENTS AS DEVELOPED COUNTRIES.

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COUNTRIES.

F. MTN AND ARTICLE 24:6 NEGOTIATIONS

IT WAS AGREED THAT BOTH ARGENTINA AND THE U.S. ARE NOT PLEASED WITH THE EC COMMON AGRICULTURAL POLICY AND THAT THE INTERESTS OF BOTH COUNTRIES COINCIDE IN SOME SPECIFIC AREAS.

G. REVERSE PREFERENCES

AMBASSADOR MARTINEZ STATED THAT ARGENTINA WAS OPPOSED TO SPECIALIZED PREFERENCES AND REVERSE PREFERENCES, BUT THAT ELIMINATION OF REVERSE PREFERENCES WITHOUT ELIMINATION OF EC SPECIALIZED PREFERENCES WOULD MAKE THE SYSTEM WORSE FROM THE ARGENTINE POINT OF VIEW. AMBASSADOR EBERLE AGREED ABOUT THE NEED TO ELIMINATE SPECIALIZED PREFERENCES AND EXPLAINED THAT THE U.S. IS SEEKING TO ELIMINATE REVERSE PREFERENCES AND OBTAIN ALONG WITH IT THE ELIMINATION OR ACCEPTABLE MODIFICATION OF SPECIALIZED PREFERENCES. OUR PREFERENCE, OF COURSE, IS FOR ELIMINATION OF ALL SPECIALIZED PREFERENCES OR THEIR ABSORPTION INTO THE EC'S SYSTEM OF GENERALIZED PREFERENCES BUT, IF OUR LIMITED UNDERSTANDING OF THE NEGOTIATIONS BETWEEN THE EC AND THE MEDITERRANEAN COUNTRIES IS CORRECT, MORE PRESSURE IS BEING EXERTED TO ELIMINATE REVERSE PREFERENCES THAN TO ELIMINATE OR MODIFY SPECIAL PREFERENCES.

H. SHORT SUPPLY PROBLEMS

AMBASSADOR MARTINEZ STATED THAT EXPORTING COUNTRIES SHOULD BE FREE TO MAKE EXPORT DECISIONS ON ECONOMIC AND SOCIAL GROUNDS BUT NOT POLITICAL GROUNDS. AMBASSADOR EBERLE EXPRESSED THE U.S. DESIRE TO START MULTILATERAL CONSULTATIONS ON THIS ISSUE, NOT ONLY BEFORE COUNTRIES ACTED TO LIMIT ACCESS BUT ALSO TO MOVE TOWARD ELIMINATION OF PRESENT RESTRICTIONS.

END QUOTE RUSH

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